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**BEFORE THE ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

**COMMISSIONERS****DOCKETED**

BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

APR 10 2013

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF  
ARIZONA PUBLIC SERVICE COMPANY,  
PURSUANT TO ARIZONA REVISED  
STATUTE § 40-252, FOR AN AMENDMENT OF  
ARIZONA CORPORATION COMMISSION  
DECISION NO. 65997.

DOCKET NO. L-00000D-02-0120-00000

DECISION NO. 73824**OPINION AND ORDER**

DATE OF HEARING:

January 11, 2013 (Procedural Conference), and February 26, 2013

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Teena Jibilian

APPEARANCES:

Ms. Melissa M. Kreuger and Ms. Linda Benally,  
Pinnacle West Capital Corporation Law Department, on  
behalf of Applicant; and

Mr. Charles O. Hains, Staff Attorney, Legal Division,  
on behalf of the Utilities Division of the Arizona  
Corporation Commission.

**BY THE COMMISSION:**

Having considered the entire record herein and being fully advised in the premises, the  
Commission finds, concludes, and orders that:

**FINDINGS OF FACT****Procedural History**

1. On June 18, 2003, the Arizona Corporation Commission ("Commission") issued Decision No. 65997, which granted a Certificate of Environmental Compatibility ("CEC") to Arizona Public Service Company ("APS" or "Company"), authorizing the construction of a double-circuit 230kV transmission line between the Westwing substation, the Raceway substation, and the Pinnacle Peak substation ("CEC 120"). CEC 120 also authorized the construction of two new substations - Scatter Wash (formerly Misty Willow) and Avery.

1           2.     On February 20, 2007, the Commission approved Decision No. 69343 granting APS a  
2 CEC to construct a 500kV/230kV transmission line between the Morgan and Pinnacle Peak  
3 substations, subject to certain conditions ("CEC 131"). The new 500kV/230kV line approved by  
4 CEC 131 followed nearly the same path as the line for the double-circuit 230kV line approved in  
5 CEC 120. Condition 29 of CEC 131 required APS to file an application to amend CEC 120 to  
6 remove the redundant siting authority and make it consistent with CEC 131.

7           3.     On March 21, 2007, in compliance with Condition 29, the Company filed an  
8 Application to Amend Decision No. 65997. The Commission took no action on that filing.

9           4.     On November 16, 2010, APS filed in this docket a Notice of Substation Site Change  
10 or, in the Alternative, Application to Amend A.C.C. Decision No. 65997. The Commission took no  
11 action on that filing.

12          5.     In December, 2010, the 500/230kV transmission line authorized in CEC 131 was  
13 energized.

14          6.     On October 19, 2012, APS filed with the Commission the above-captioned application  
15 in this docket. Therein, APS requests an amendment to Decision No. 65997 and CEC 120, and also  
16 requests an extension of the term of CEC 120 ("Application").

17          7.     In the Application, APS requests that the Commission (i) extend the term of CEC 120  
18 to allow APS ten more years to build its Scatter Wash and Avery substations, (ii) cancel that portion  
19 of CEC 120 approving a double-circuit 230kV transmission line between the Westwing, Raceway,  
20 and Pinnacle Peak substations as that line is no longer needed, and (iii) delete Condition 23 from  
21 CEC 120. The Company does not want to cancel the authority to build the Scatter Wash and Avery  
22 Substations. The Application states that APS plans to move the Scatter Wash substation to the north  
23 side of the transmission corridor and to use a modified structure that was not contemplated or needed  
24 when CEC 120 was approved.

25          8.     On November 8, 2012, at an Open Meeting, the Commission voted to reopen Decision  
26 No. 65997 pursuant to A.R.S. § 40-252.

27          9.     On November 21, 2012, the Commission's Utilities Division ("Staff") issued a Staff  
28 Report and a Proposed Order Modifying Decision No. 65997.

1           10.     On December 5, 2012, the Company filed Supplemental Information and Comments  
2 to Staff's Proposed Order Modifying Decision No. 65997.

3           11.     On December 31, 2012, the Company filed a Request for Procedural Order. The  
4 Company requested that a procedural conference be scheduled to establish procedures for moving  
5 forward with an evidentiary hearing, and requested expedited action because the initial term of CEC  
6 120 expires on June 18, 2013.

7           12.     On January 3, 2013, a Procedural Order was issued setting a procedural conference to  
8 be held on January 11, 2013, for the purpose of allowing the parties to discuss issues related to notice,  
9 timing, and scope of the hearing.

10          13.     On January 11, 2013, the procedural conference convened as scheduled. APS and  
11 Staff appeared through counsel and discussed issues related to public notice, an appropriate  
12 intervention deadline, and timing of the hearing. Neither party anticipated a need for discovery or for  
13 filing testimony, given the state of the record. No other parties appeared.

14          14.     On January 18, 2013, a Procedural Order was issued setting a hearing date and  
15 associated procedural deadlines, including the provision of public notice of the Application and  
16 hearing.

17          15.     On February 1, 2013, APS filed an affidavit certifying that notice of the Application  
18 and hearing was mailed in accordance with the requirements of CEC 120 and the January 18, 2013,  
19 Procedural Order.

20          16.     No requests for intervention were filed.

21          17.     The hearing on the Application convened as scheduled on February 26, 2013. No  
22 members of the public appeared to provide comment. APS and Staff appeared through counsel and  
23 presented evidence through witnesses. APS stated that it agrees with the Proposed Order Modifying  
24 Decision No. 65997 filed by Staff on November 21, 2013, and requested that Staff's Proposed Order  
25 be adopted as modified by the clarifying changes set forth in APS's December 5, 2013, filing in this  
26 docket. Staff stated that it agrees with APS's proposed clarifying changes.

27          18.     After all evidence was received, APS and Staff made closing statements. The matter  
28 was then taken under advisement pending the issuance of a Recommended Opinion and Order for the

1 final disposition of the Commission.

2 **Cancellation of Overlapping Double-circuit 230kV Transmission Line**

3 19. APS states in the Application that it sought and received in CEC 131 approval to  
4 construct a 500/230kV transmission line between the Morgan, Raceway, and Pinnacle Peak  
5 substations in place of the double-circuit 230kV transmission line approved in CEC 120. APS states  
6 that the 500/230kV transmission line authorized in CEC 131, which was energized in December of  
7 2010, takes the place of the double-circuit 230kV transmission line approved in CEC 120.

8 20. In its Staff Report, Staff states that the line approved in CEC 131 follows substantial  
9 portions of the same route as the line approved in CEC 120, and that a benefit of the project approved  
10 in CEC 131 was removal of the need for overlapping portions of the double circuit 230kV line  
11 authorized by CEC 120.

12 21. Staff believes that due to the ambiguity resulting from the approval of two CECs for a  
13 net total of four transmission lines traversing the same corridor, it would be appropriate to amend  
14 CEC 120 as requested, so as to remove authority to construct the two 230kV lines approved in CEC  
15 120 that overlap the 500kV/230kV line approved in CEC 131. In addition, Staff reviewed  
16 information provided in APS's most recent Ten Year Plan, and states that the Company's request is  
17 also reasonable in light of the Ten Year Plan.

18 22. Staff states that, for compliance purposes, APS has fulfilled its obligation to meet  
19 Condition 29 in CEC 131 in an appropriate manner. We agree.

20 23. The double-circuit 230kV transmission line between the Westwing, Raceway, and  
21 Pinnacle Peak substations authorized in CEC 120 is no longer needed. It is therefore appropriate,  
22 reasonable, and in the public interest to amend CEC 120 to remove the authorization for APS to  
23 construct the double-circuit 230kV transmission line project between the Westwing, Raceway, and  
24 Pinnacle Peak substations, except for the Avery and Scatter Wash substations.

25 **Deletion of Condition 23**

26 24. Condition 23 in CEC 120 outlines detailed provisions for that portion of the double-  
27 circuit 230kV line where it would cross the planned Happy Valley Road Towne Center property  
28 located at the southeast corner of I-17 and Happy Valley Road.

1        25. In the Staff Report, Staff explains that because the double-circuit 230kV line will not  
2 be constructed, Condition 23 no longer applies. Staff notes that a similar condition, (Condition 24),  
3 is included in CEC 131 for the 230kV/500kV line. Staff recommends approval of APS's request to  
4 delete Condition 23 from CEC 120.

5        26. We agree that with the amendment to CEC 120 removing authorization for APS to  
6 construct the double-circuit 230kV transmission line project between the Westwing, Raceway, and  
7 Pinnacle Peak substations, Condition 23 no longer applies and that it should be removed.

8 **Ten Year Extension of Authority**

9        27. With the cancellation of authority requested by APS, the only construction authority  
10 remaining is construction of the Scatter Wash and Avery substations. APS asks the Commission for  
11 a ten year extension until June 18, 2023 in which to complete the substations. APS states that given  
12 the economic downturn and low load growth over the past few years, the substations are not yet  
13 needed, but that APS anticipates that they will be needed when the economy improves and  
14 development activities resume in the surrounding areas.

15        28. Staff believes that the requested extension of time is reasonable. Staff agrees with  
16 APS that while the need for the substations has been delayed by the recession, the need will be  
17 reconfirmed as new growth appears, and that the requested extension of time for construction will  
18 allow APS to observe its load growth and establish need for the substations before starting  
19 construction. Staff further states that the requested delay for construction will not compromise  
20 transmission grid reliability. Staff recommends approval of APS's request to extend authorization to  
21 complete construction of the Scatter Wash and Avery substations for ten years to June 18, 2023.

22        29. Based on the record of this proceeding, we find that APS's request to extend  
23 authorization to complete construction of the Scatter Wash and Avery substations for ten years to  
24 June 18, 2023, is appropriate, reasonable, and in the public interest, and should therefore be granted  
25 as ordered herein.

26 **Moving the Location of the Scatter Wash Substation**

27        30. When CEC 120 was approved, APS anticipated locating the Scatter Wash substation  
28 south of an existing double-circuit Salt River Project ("SRP") 230kV transmission line. In the

1 November 2010 filing, APS informed the Commission that the location of the substation would be on  
2 the north side of the transmission corridor instead.

3 31. Since March 2010, APS has had a sign on the proposed north site informing the public  
4 of the location and providing APS contact information, and in February 2011, APS mailed  
5 information to residents, customers and landowners located within one mile of the substation  
6 property about APS's plans to build the substation.

7 32. The Application states that the new location of the Scatter Wash substation and the  
8 construction of the line approved in CEC 131 will require APS to use an interconnection structure  
9 that will lower the 230kV line to allow it to cross under the 500kV line that is co-located on the same  
10 transmission structure. Diagrams of the new interconnection structure were attached to the Affidavit  
11 of D. Brad Larsen filed with the Application, and are reproduced as Exhibit A, attached hereto and  
12 incorporated herein by reference. APS did not propose the structure detailed in Exhibit A before the  
13 Arizona Power Plant and Transmission Line Siting Committee. The Application states that all of the  
14 electric facilities, including the interconnection structures, will be located within the 1,000-foot  
15 corridor previously approved in CEC 120. In the December 5, 2012 filing, APS clarifies that portions  
16 of the security wall, water retention basin, and driveways allowing APS access to electrical facilities  
17 within the substation will be located outside of the corridor. The Application states that the effects of  
18 the modified structure are similar to the previously approved transmission structures, and it is  
19 environmentally compatible.

20 33. Staff states that it does not object to APS's intent to move the planned Scatter Wash  
21 substation, and to use a different transmission structure type from that approved by CEC 120.  
22 According to Staff, relocating the substation and the use of the proposed interconnection structure  
23 will not negatively affect the transmission grid or the Company's ability to serve its customers  
24 reliably, will provide a cost savings to the Company, and will reduce the number of necessary line  
25 crossings, improving the safety and reliability of the project. Staff recommends that the Commission  
26 approve the Company's requested modifications.

27 34. APS provided public notice of the changed location of the Scatter Wash substation in  
28 2010 and 2011. In addition, APS provided notice of this proceeding that exceeded the requirements

1 of CEC 131. No party other than Staff participated in this docket, and no entity or individual sought  
2 intervention or provided public comment in this docket. Staff examined the details of the modified  
3 structures and has no objection.

4       35. Based on the record of this proceeding, we find that it is reasonable and in the public  
5 interest to revise CEC 120 to permit APS to construct the Scatter Wash substation north of the  
6 existing SRP 230kV transmission line and within the 1,000-foot corridor previously approved in CEC  
7 120, and to locate portions of the security wall, water retention basin, and driveways allowing APS  
8 access to electrical facilities within the substation outside of the corridor.

9       36. Based on the record of this proceeding, we find that the effects of the modified  
10 structure are similar to the previously approved transmission structures, and are therefore  
11 environmentally compatible. APS should be permitted to use interconnection structures consistent  
12 with the structures depicted in Exhibit A.

### 13 CONCLUSIONS OF LAW

14       1. The Commission has jurisdiction over APS and over the subject matter herein  
15 pursuant to Article XV of the Arizona Constitution and A.R.S. § 40-252 and § 40-360 et seq.

16       2. Notice of the proceeding has been given in the manner prescribed by law.

17       3. It is reasonable and in the public interest to amend Decision No. 65997 to revise CEC  
18 120 to remove the authorization for APS to construct the double-circuit 230kV transmission line  
19 project between the Westwing, Raceway, and Pinnacle Peak substations, except for the Avery and  
20 Scatter Wash substations, and to delete Condition No. 23 from CEC 120.

21       4. It is reasonable and in the public interest to revise Condition No. 3(a) of CEC 120 to  
22 extend the time to construct the project to June 18, 2023, as ordered herein.

23       5. It is reasonable and in the public interest to modify CEC 120 to permit APS to  
24 construct the Scatter Wash substation north of the existing SRP 230kV transmission line and within  
25 the 1,000-foot corridor previously approved in CEC 120, to use interconnection structures consistent  
26 with the structures depicted in Exhibit A, and to locate portions of the security wall, water retention  
27 basin, and driveways allowing APS access to electrical facilities within the substation outside of the  
28 corridor.

**ORDER**

IT IS THEREFORE ORDERED that Decision No. 65997 is modified to revise Condition No. 3(a) of the Certificate of Environmental Compatibility to state the following:

The authorization to construct the Avery and Scatter Wash substation shall expire on June 18, 2023. However, before such expiration, Applicant or its assignees may request that the Commission further extend this time limitation, provided that the facilities have been substantially constructed as of the time of such extension request. The Commission will determine what "substantial construction" is at the time of Applicant's filing for time extension.

IT IS FURTHER ORDERED that Decision No. 65997 is modified to revise the Certificate of Environmental Compatibility to remove the authorization for Arizona Public Service Company to construct the double-circuit 230kV transmission line project between the Westwing, Raceway, and Pinnacle Peak substations except for the Avery and Scatter Wash substations.

IT IS FURTHER ORDERED that Decision No. 65997 is modified to delete Condition No. 23 from the Certificate of Environmental Compatibility.

IT IS FURTHER ORDERED that Decision No. 65997 is modified to revise the Certificate of Environmental Compatibility to permit Arizona Public Service Company to use transmission towers consistent with the structures described in Exhibit A attached to this Decision.

IT IS FURTHER ORDERED that Decision No. 65997 is modified to revise the Certificate of Environmental Compatibility to permit Arizona Public Service Company to construct the Scatter Wash substation north of the existing Salt River Project 230kV transmission line. All of the electrical facilities shall be constructed within the previously approved 1,000 foot transmission line corridor. Portions of the security wall, water retention basin, and driveways allowing APS access to electrical facilities within the substation may be located outside of the corridor.

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IT IS FURTHER ORDERED that all other conditions of the Certificate of Environmental Compatibility approved by Decision No. 65997 shall remain in effect.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

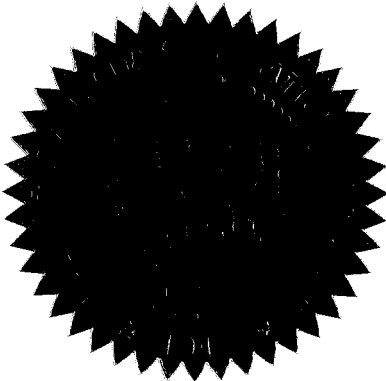
CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 10<sup>th</sup> day of April 2013.

JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

1 SERVICE LIST FOR: ARIZONA PUBLIC SERVICE COMPANY

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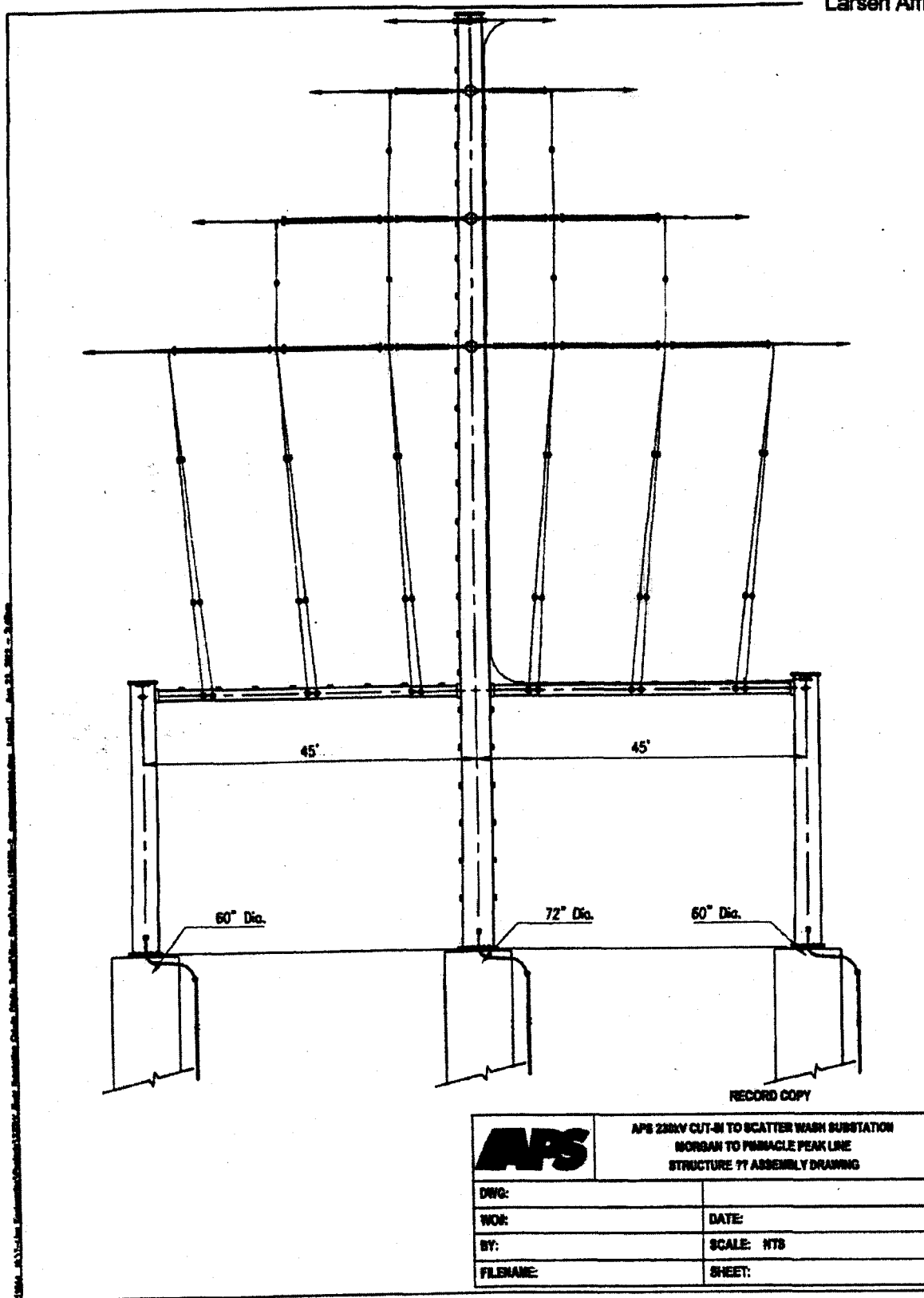
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# EXHIBIT A

DOCKET NO. L-00000D-02-0120-00000

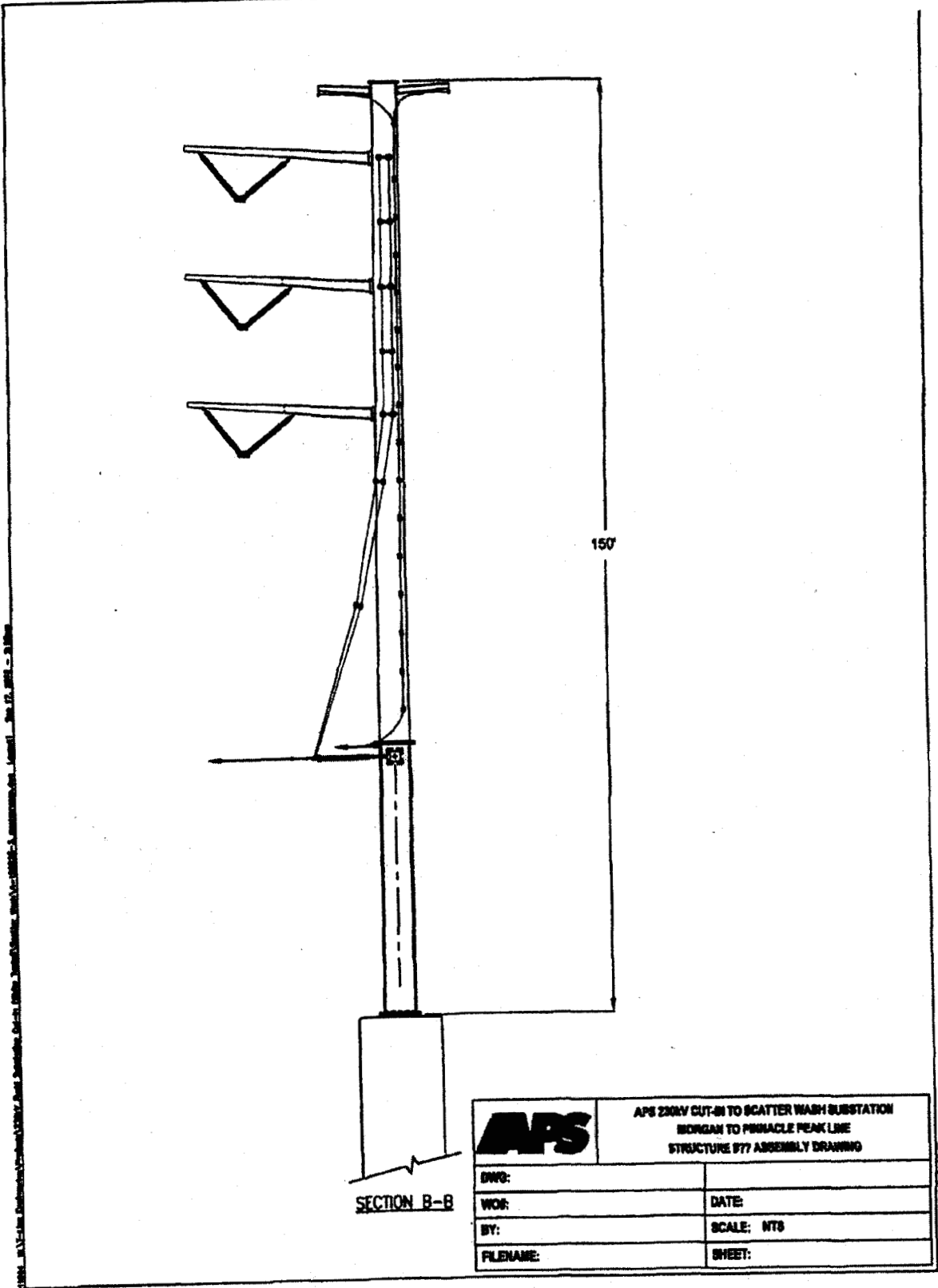
ATTACHMENT 3  
Larsen Affidavit

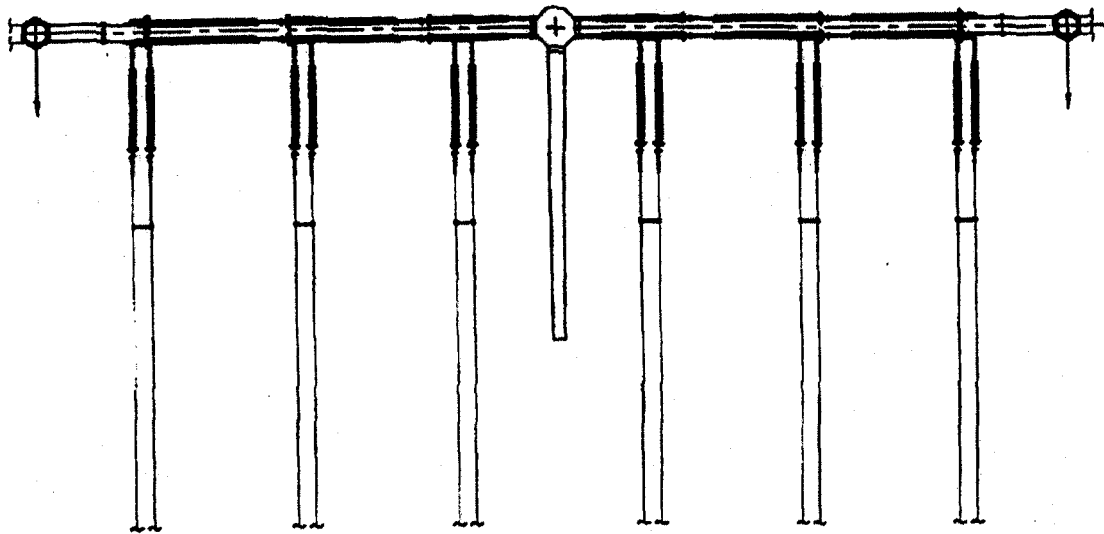


 <b>APS 230KV CUT-IN TO SCATTER WASH SUBSTATION MORGAN TO PINNACLE PEAK LINE STRUCTURE 77 ASSEMBLY DRAWING</b>	
DWG:	
WOK:	DATE:
BY:	SCALE: NTS
FILENAME:	SHEET:

Decision No. \_\_\_\_\_

DECISION NO. 73824





TO SCATTER WASH SUBSTATION

PLAN VIEW

<b>APS</b>	APS 23KV CUT-IN TO SCATTER WASH SUBSTATION	
	HOWSAN TO PINNACLE PEAK LINE	
	STRUCTURE 977 ASSEMBLY DRAWING	
	DWG:	
	WOR:	DATE:
BY:	SCALE: NTS	
FILENAME:	SHEET:	